

## INFORMATION REPORT INFORMATION REPORT

## CENTRAL INTELLIGENCE AGENCY

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REPORT

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**I. Political****1. USSR**

- a. The independent action unexpectedly taken by the Arab countries at the UN general Assembly has considerably spoiled the concept of Soviet Middle East policies. This fact cannot be glossed over by an attempt to represent the acceptance of the Arab resolution as a defeat for the West. The Soviets have also suffered a certain loss of prestige in their assumed role as spokesman for Arab interests in so far as the Arabs did not insist on their demand for an immediate withdrawal of the Anglo-American troops from Jordan and Lebanon. The Soviets will now probably try to thwart all approaches toward a constructive solution of the Near East problems. Their visible efforts to promote, by subversive means, regional and social sectional interests in conflict with the movement for Arab unity will become effective only in the future. Possibilities for immediate action might result, however, from a further complication of the situation of Israel. Already now there are indications that Moscow is increasing its efforts to maintain the tensions existing between this country and her Arab neighbors.
- b. The notes sent by Khrushchev on 5 August make it clear that the plan of a general Summit conference has again become one of the main targets of the Soviet foreign policy. It is true that Moscow is materially interested in talks about a limitation of armaments for example, but it appears doubtful if it is really interested in a speedy holding of a Summit conference. As to the day of such a conference, the Soviets are in no way pressed. The result of the special UN session and the declaration of the USA and Great Britain that they are willing to give up further atomic tests has thwarted Soviet expectations nourished at the beginning of the Middle East crisis that the general atmosphere would continue to develop favorably to them prior to the Summit conference. It is well possible that Moscow, by raising unacceptable demands regarding the participants and agenda of the Summit conference, will try to bring about the delay needed in order to improve its position. In this respect, the Soviet may find it convenient to take advantage of Red Chinese interests to which the USSR must give increased consideration also for other reasons. The shifting of the scene of crisis from the Near to the Far East appears as a suitable means drastically to demonstrate to the world the necessity for a pacification also of this area. Contrary to the situation in the Near East, an elimination of Moscow's role of mediation will become the more difficult the more the East Bloc succeeds in engaging the USA in this region. The plea that they must take Chinese interests into consideration would also give the Soviets leeway in their future treatment of the control problem connected with the suspension of atomic tests. It must be admitted that the USSR showed a spirit of compromise during the Geneva conference of atomic experts regarding the establishment of control posts, but the necessary control of Red Chinese territory in this respect is bound to give Peking a voice in the diplomatic concert concerned with the implementation of these plans.

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## 2. Red China

Already prior to the present sharpening of the international crisis, utterances by Soviet diplomats and leading SED functionaries were reported indicating the possibility of a serious conflict in the Far East. Although these statements obviously reflected Soviet directives designed to give greater urgency to the settlement of the Chinese problem and to point out the danger of a real crisis in the Far East, it must not be overlooked that since Peking's return to a "hard course" in the summer of 1957, the Chinese have displayed a growing resolution to realize their foreign-political objectives even at the risk of local military clashes. Many of the operations carried out by Peking since that time, such as the Cheng-feng movement, the purges, the "leap forward" and the "return to the country" movements, the imposition of the Red Chinese regime on areas inhabited by minorities, the regrouping of its armed forces in North Korea and the forced modernization of its military establishment were essentially designed to increase the political, economic and military potential of the country. Red China has prepared its present operation in the Formosa Strait for several months. Since early August, Peking has tried to create among the Red Chinese people the impression that war may be imminent. In numerous towns and cities, military parades and mass rallies used for an increased inflammatory propaganda against the USA and its alleged aggressive intentions have been held. In Fukien, the population was recruited for the construction of fortified positions. Numerous troop movements were effected on all railroad lines in South China. As Red China is really interested in a full utilization of the port of Amoy and the possibility of unhampered coastal shipping and occupation of the small islands which are still held by National Chinese forces and which block the approaches to Amoy appears probable. Beyond that, Peking will try to achieve an evacuation of the Quemoy and Matsu Islands without major landing operations, solely by heavy artillery fire, air raids and the cutting of supply lines. Should these tactics fail, a landing operation limited to Quemoy and Matsu becomes possible, because Peking can hardly stop an operation prepared with so much propaganda without achieving a visible success if it wants to avoid a severe loss of prestige. The presence of the 7th American Fleet in the Formosa Strait makes it difficult, however, to achieve such a limited objective. Moreover, Red China is certainly not interested in starting a big war. It may also be assumed that it will not undertake any major operation against the express will of Moscow, particularly as Red China, in the field of logistics, is dependent on Soviet supplies of gasoline. If Red China is unable to score at least a partial success in the question of Formosa, the danger will automatically increase that Peking is going to try to gain the desired prestige success at another point. In this connection, reports which indicate the possibility of increased Red Chinese activities in Korea and Southeast Asia are rather noteworthy. According to these reports, Peking will attempt to justify the starting of operations bound to lead to new crisis in Southeast Asia with increased activities on the side of KMT bands, remnants of National Chinese divisions that crossed into Burma, and the alleged rearmament of South Vietnam. At the back of all these Red Chinese maneuvers is Peking's desire to force its admission into UN and to bring about its diplomatic recognition by the USA.

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## 3. Satellites

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After the settlement of the Czesochowa incident which became possible because the Polish Episcopate yielded in the question of censorship and the distribution of American relief shipments there was only a temporary lull in the conflict between the Polish regime and the Catholic Church. Cardinal Wyszynski did not choose,

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however, to make the declaration of loyalty desired by the regime. Consequently the attacks launched by the Party organs against the Church were revived with increased vigor, and in this campaign even the person of the Polish Primate himself was not exempted. The attempts of the regime to prevent the holding of a special period of expiatory prayers scheduled to last until late October 1958 by private talks of Sztachelski, Polish Commissar for Church Matters, with the Cardinal, reportedly failed. Although at present none of the two parties should be interested in an open conflict and test of strength, the continuation of a state of tension must be expected for the near future. This appears all the more probable, because, according to other information, the regime intends to revise the question of religious instruction. This instruction which has so far been given by the Church within the framework of school activities is henceforth to be completely separated from the national system and will thus become the exclusive responsibility of the Church. A special committee of the Council of Ministers has resolved to draft a corresponding bill for submission to the Samj. It is therefore believed improbable that the intended reorganization of religious instruction may become effective at the beginning of the new school year which starts on 1 September 1958.

#### 4. Soviet Zone of Germany

The elections for the People's Chamber and the so-called "Bezirkstage" (Bezirk Parliament) scheduled to be held on 16 November 1958 will be precluded by the 3rd National Congress of the "National Front" which is to convene on 19 September. Confidential directives issued by the SED Central Committee on the preparations and execution of these elections settle the handling of the entire campaign in all details. It is significant that these directives arrange for the elimination of very influence on the side of voters or Bloc Parties. Thus, for example, the SED Bezirk headquarters will be solely responsible for the selection of candidates who, as previously, are going to figure on a common ticket of the "National Front". This means that the "bourgeois" Bloc Parties which will have to send delegates to the Election Committee to be established with the National Council of the "National Front" will have no other mission but to give propagandistic support to the common ticket. As has been reported, some changes may be expected in the relative strength of representation assigned to the individual parties and mass organizations. The parliamentary groups of the FDGB and the FDJ are to be strengthened and the share of the so-called groups with no party affiliations is to be slightly increased at the expense of Parties. The so-called "Laenderkammer" whose continued existence has become an anachronism after the 1952 administrative reform involving the dissolution of all Laender and the establishment of 14 Bezirke, is reportedly to be converted into a representation of the Bezirke. This indicates that the members of this Chamber who, after the dissolution of the Laender, were delegated by the "Bezirkstage", will henceforth be directly elected by the Bezirke in a similar way as this is the case with the USSR Soviet of Nationalities. The preparations made for the elections for the 3rd legislative period of the People's Chamber show that the SED, in view of the present status of the Sovietization of the GDR, believes that it is still premature to dismantle the fiction of democratic elections and the spurious parliamentary facade of the People's Chamber.

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